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FROM: Guatemala City
TO: Secretary of State
NO: 163, December 23, 3 p.m.

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FILE

As result my interview with President Arbenz (MYTEL 154 December 17), I am convinced Communists will continue gain strength here as long as he remains in office. My staff agrees fully on this. Therefore, in view of inadequacy of normal diplomatic procedures in dealing with situation, there appears no alternative to our taking steps which would tend to make more difficult continuation of his regime in Guatemala. In present telegram, I shall deal with measures which, while they may not in themselves prove sufficient to produce political change here, are designed to contribute to creating climate favorable to such change.

Before Caracas conference, we should concentrate on preparing other well-disposed governments in Latin America for supporting firm anti-Communist resolution and on publicizing abroad through press channels Communist developments in this country. At same time we should carefully avoid any overt acts to which Guatemalan delegates at conference could point as evidence of persecution of Guatemala or intervention in its affairs. We should also avoid emphasis on fruit company problems since these might cause confusion among Latin American delegates as to true nature of our differences with Guatemala. We should at same time step up locally overt and covert anti-Communist propaganda. In this connection, we should see that small Guatemalan free labor organization [illegible] receives funds for its activities. Krieg referred to this matter in letter of December 3 to John Fisher.

I propose that between now and time of conference we carefully work out program designed to create situation in which non-Communist states whether now supporting or opposing government would be forced to coordinate their organizations and take action against government and I suggest Department and Embassy give special attention to determination feasibility and manner and time of application of following steps as part of an overall program:

1. Withdrawal of US Army and air missions from Guatemala. Effect of this announcement would be greatly heightened if made were or [illegible] simultaneously with announcements of military [illegible] between US and neighboring Central American countries.

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10-07339-1 GPO

[illegible] December 23, 3 p.m. from Guatemala City

[illegible]

1. Announcement of withdrawal, effective June 30 of FOA personnel from construction of Roosevelt Hospital and from agricultural mission, not including those on Entrerios Rubber Experiment Project which is important to us.

2. Announcement of cancellation within six months of RFC's contract with UFCO for growing abaca in Guatemala.

3. Denunciation of reciprocal trade treaty with Guatemala.

4. Campaign through columnists and radio commentators for temporary refusal by American coffee importers to buy Guatemalan coffee. Even though purchases did not decrease, campaign would give coffee growers increased sense of urgency and strengthen their willingness to aid anti-government moves.

5. Blocking of impediments in way of issuance of export licenses or shipments of goods from US to Guatemala. Form of these impediments might be determined in light of attitudes shown at Caracas conference, and could range from general refusal of licenses to consistent delays in their issuance, particularly for road and port building equipment on which Guatemalan Government is especially interested.

6. Total or partial suspension gasoline shipments to Guatemala.

With these proposals as starting point for study, and without necessarily approving all of them or excluding others, Department and Embassy should be able to work out program which while flexible enough to allow for adjustments to developments at Caracas, should be concrete enough to permit its implementation promptly upon closing of conference. Program should be applied in progressive steps which would build up increasing sense of urgency among non-Communist Guatemala.

Program should be undertaken with full realization it could provoke Guatemalan Government to swing sharply to left, to arouse dictatorship power, to seek to win mass support through strongly anti-United States, and to expropriate or take other extreme reprisals against American companies in Guatemala. Latter companies would be expected to make international issue of it and might ask my recall or even break off diplomatic relations with United States. It is quite conceivable it would lead to considerable bloodshed.

Nevertheless,

Nevertheless, implementation some such plan should not be deterred by these possible unpleasant consequences since continuance of present regime would also lead to most of them though at a slower pace and at the convenience of the Communists.

PEURIFOY

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